

SOCIAL ACCOUNTS IN PROMOTING ORGANIZATIONAL CHANGE

by

NG LONG-TAN

伍朗丹

MBA PROJECT REPORT

Presented to

The Graduate School

In Partial Fulfillment

of the Requirements for the Degree of

MASTER OF BUSINESS ADMINISTRATION

THREE-YEAR MBA PROGRAMME

THE CHINESE UNIVERSITY OF HONG KONG

May 2000



APPROVAL

Name: Ng Long Tan

Degree: Master of Business Administration

Title of Project: Social Accounts in Promoting Organizational Change

Ngo Hang Yue

Dr. Ngo Hang-Yue

Date Approved: 12/5/2000

ABSTRACT

Change is an inevitable element in today's organizations. Whether the change is success or not depends on the way of managing change. The acceptance from employees is always an indispensable factor to have successful change. The way the employees interpret the reasons of change influences the reaction to the change. Social account theory helps to understand how employees interpret the reasons when organizations undertake change. This study examines three main types of account of social account theory, which are, message-communicator characteristics to replace mitigating account, exonerating account and reframing account in motivating the employees' acceptance of change. In a field study of a private organization that initiated a company-wide change program, the employees' interpretation and reactions were generally consistent with what the social accounts theory stated. From the findings, the exonerating account and reframing account exert more influence to the acceptance of than the message-communicator characteristics.

TABLE OF CONTENTS

ABSTRACT	iii
TABLE OF CONTENTS	iv
LIST OF ILLUSTRATIONS	vi
ACKNOWLEDGEMENT	vii

Chapter

I INTRODUCTION.....	2
II LITERATURE REVIEW.....	5
THE APPLICABILITY OF SOCIAL ACCOUNTS THEORY IN CHANGE MANAGEMENT	5
CLASSIFICATION OF SOCIAL ACCOUNTS THEORY	7
TYPES OF SOCIAL ACCOUNTS.....	8
(a) <i>Mitigating Accounts: lessening apparent responsibility</i>	8
Message-Communicator Characteristics	9
(b) <i>Exonerating Accounts: legitimate motives</i>	11
(c) <i>Reframing Accounts: altering perceptions about consequences</i>	12
III RESEARCH SETTING.....	14
HYPOTHESES	14
CONCEPTUAL FRAMEWORK OF THIS STUDY	16
IV THE CHANGE PROGRAM.....	17
INTRODUCTION.....	17
COMPANY BACKGROUND	17
THE CHANGE PROGRAM.....	18
ACTION PLANS RECOMMENDED BY PRICEWATERHOUSECOOPERS	19
THE IMPLEMENTATION OF THE CHANGE PROGRAM	21
V RESEARCH METHODOLOGY	24
DATA COLLECTION.....	24
MEASUREMENT OF QUESTIONNAIRE	25
VI RESULTS	30

CORRELATION30

REGRESSION.....33

VII DISCUSSION..... 37

MESSAGE COMMUNICATE CHARACTERISTICS37

EXONERATING MOTIVES40

REFRAMING OUTCOME.....42

VIII LIMITATIONS AND CONCLUSION 46

LIMITATIONS46

CONCLUSION.....47

BIBLIOGRAPHY 51

APPENDIX..... 56

LIST OF TABLES

TABLE 1. Descriptive Statistics and Intercorrelation Matrix

TABLE 2: Results of Simple Regression

TABLE 3: Result of Simple Regression of Functionality or Reasons on Legitimacy

ACKNOWLEDGEMENT

I would like to express my gratitude to my project supervisor, Professor Ngo Hang Yu, for his generous guidance, enthusiastic support and professional advices in this project. Special thanks go to my colleagues who have contributed their time and effort in responding to the questionnaires. I am gratefully acknowledged Ms Teresa Suen, the team leader of "Internal Communication" action team and Ms Rebecca Wong, the General Manager of Human Resources Department to recruit me to be the team member of the action team. This precious opportunity prompted me to study the change management. Lastly, I thank my best friend Mr Conchy Chow for his continuous encouragement and stoically patience during the course of this project.

CHAPTER I

INTRODUCTION

The accelerating pace of global, economic and technological development makes change an inevitable feature of organization development. Often the changes that the organizations wish to implement are vital in determining the degree of the survival or success. (Bridges, 1991) This places pressure on organizations to effectively manage the changes. The support of the employees is essential to have effective change management.

However change involves the transformation to the new environments, new working styles, new roles, as well as new policy (Bridges, 1991). Employees may not want to have changes made as these changes may conflict with existing working habits, attitudes, practice, and structure, which they are accustomed to. Also, layoff is the most likely action in organizational changes in Hong Kong. Reluctance from the employees is understandable yet their cooperation is essential to the successful implementation of change.

It has generally been found that the way in which employees interpret the reasons for change influences their reactions to it (Rousseau & Tijoriwala, 1999). The way organizations frame change affects employees' response (Fairhurst & Sarr, 1996). However, the reasons given by the management may not be acceptable by employees. Whether the change program may evolve into a resistance episode depends on the employees' conceptualization of the situation (Thomas, 1976). According to social accounts theory, the conceptualization process is the employees' assessment of the management's motives, intentions and consequences (Bies, Shapiro, Cumming, 1988). The present study examines how the role of reasoning motivates the change from the perspective of social accounts theory. The relationship between social accounts and employees' reactions to planned change is investigated. Others factors related to social accounts such as functionality of account and the adequacy of outcome explained are also discussed.

The present study is somewhat distinct from previous research on reasons and change. The previous studies are typically conducted in the laboratory (Bies & Shapiro, 1993; Shapiro, 1991) or involve field studies of a discrete event such as the introduction of a no-smoking policy by Greenberg in 1994 (Rousseau & Tijoriwala, 1999). The method to study the social account theory of present study is under real organization change instead of hypothetical laboratory setting. Besides, the present study can strengthen the understanding of reframing account because only a few studies examined the effects of reframing account. Practically, this study identifies the situational factors that the organizations can employ to promote the employees' acceptance when

conducting the planned change.

CHAPTER II

LITERATURE REVIEW

Social accounts have been defined as “managerial justification that are used to explain actions undertaken by persons or firms” (Rousseau & Tijoriwala, 1999).

The Applicability of Social Accounts Theory in Change Management

According to the social account theory, the managerial justifications are the situational factors that can apply to all organizations disregarding the internal organizational characteristics such as the employees' commitment. That means, the social accounts theory is useful for general organizations to employ the social accounts to motivate the change implementation. Furthermore, the social account theory provides the framework on how organizations should portray the change in order to gain the acceptance from employees.

Historically, social accounts have been recognized as an impression management strategy by theorists from disciplines of sociology, social psychology and organizational

behavior (Bies, 1987). Recently, the social accounts theory has gained considerable attention from different organization behavioral strategies such as conflict management (Sitkin & Bies, 1993) and injustice management (Bies & Shapiro, 1988). Nevertheless, the social accounts theory is not limited to these areas mentioned. Bies (1987) addressed that the usefulness of a theory is measured not only by its ability to organize available research or to suggest new research directions, but also hold in its capacity the ability to analyze new problems. According to Bies (1987), the typology of social accounts theory is limited to the situations in which (a) the harm doer's actions occur in the presence of actual or anticipated audiences; (b) the harm doer values other people's impressions or support; and (c) the injustice occurs in the context of an on-going relationship between the harm doer and victim.

In the planned change, the management initiates and leads the change program in the presence of the employees. The change program cannot be hidden from employees. The workforce must support the change program in order to make it happen and sustain. Furthermore, the program may involve changes in the conventional structure, working habits, attitudes, practice and the most likely action – layoffs. It is likely that conflicts, injustice or disapproval will occur in the management employees' relationship, which is on continuous rather than one time relationship. Since change involves the distortion of current practice, conflict inherently generates. These three-scope conditions apply to the change scenario that might occur in most organizations. Rousseau & Tijoriwala (1999) used the social accounts theory to study the complex organizational change. But it is confined to study the exonerative account but not for the other accounts of the social

accounts theory. The present study employs the social accounts theory to examine the organizational change and cover the major accounts of social accounts theory such as exonerative account, reframing accounts and message communicator characteristics.

Classification of Social Accounts Theory

According to Tata (1996), several classifications of social accounts can be found within the literature, and theorists proposing these classifications can be broadly sorted into two groups. The first group of theorists such as Greenberg (1990), Scott & Lyman (1968), Semin & Manstead (1983), Tedeschi & Reiss (1981), identifies social accounts as justifications and excuses. The second group of theorists such as Goffman (1967,1971), Schlenker (1980), Sconbach (1980, 1990), expands this typology by adding refusals and concession. Refusal or defenses of innocence denies that the failure event occurred. Concessions or apologies include full or partial admission of guilt, expressions of regret, and offers of compensation. The present study focuses on promoting the planned change. The event has not yet been implemented and thus, it is not known whether the event is a failure or not. It is not appropriate to adopt the classification of the second group of theorists that regards the social account as refusal or defenses of innocence deny that the failure event occurred. Managerial justifications and excuses are used to explain actions undertaken by persons or firms (R&T, 1990). This study focuses on how the role of reasoning influences the change acceptance. Thus, this study will follow the classification of the first group of theorist that regards social accounts as justifications and excuses.

Types of Social Accounts

Sitkin & Bies (1993) described three categories of social accounts studied by researchers: (a) mitigating responsibility, or altering perceptions of causality for an incident or action, (b) exonerating motives, or the action through appeal to higher-order norms and values, and (c) reframing outcomes, or altering perceptions about the consequences of the incidents or action. Each of these accounts uses different perspectives to enhance the acceptance of action by the employees. Mitigating account is to lessen the apparent responsibility of the account giver. The exonerating account is to legitimize the motives, and the reframing account is to alter perceptions about consequences. Since the three types of social accounts do not conflict with one another and need not be used simultaneously, it is up to the account giver to employ either one or all of them for the same action. This study will examine all of them by assessing their usefulness.

(a) Mitigating Accounts: lessening apparent responsibility

Mitigating accounts have been found to lessen the apparent responsibility for unfavorable outcomes and thus reducing feelings of unfairness and disapproval. The management had no other alternatives to the chosen action. A social account claiming mitigating circumstances should reduce the amount of conflict between management and employees in times of change. The mitigating account may also influence the employees to act in a more conciliatory manner towards the change.

Empirical evidence supports this reasoning. According to Bies (1987), Bies & Shapiro (1987) examined the effects of the presence or absence of a social account claiming mitigating circumstances in two laboratory-simulated studies. As predicted, the social account claiming mitigating circumstances reduced the feeling of injustice towards the manager's actions and the disapproval ratings of the managers were also lessened, in comparison to the absence of such a social account.

Message-Communicator Characteristics

However, two message-communicator characteristics are identified to be more effective than the claim of mitigating circumstances. Bies, Shapiro & Cummings (1988) suggested that upon receiving a social account claiming mitigating circumstances, employees would search for informational cues, such as the adequacy of the reasoning in the account and the sincerity of the account giver, to confirm or disconfirm the validity of the claim. It is not the claim that is important, but the evidence in support of that claim that influences the employees. This explains why informational cues, such as adequacy of reasoning and sincerity, rather than the claim of mitigating circumstances have been found to be the key determinants of the effectiveness of social accounts. (Bies & Shapiro, 1987; Sitkin & Bies, 1992)

Bies & Shapiro (1988) did a survey of employees' reaction to budget request refusals to examine the relative importance of three aspects of an excuse – claim of mitigating circumstances, adequacy, and sincerity – on a subordinate's feelings of anger, procedural injustice, disapproval of the boss, and complaints to higher-ups. The results

suggested that, while a boss' excuse for refusing a budget request can mitigate negative responses by subordinates, the subordinates' reactions were influenced most by the adequacy of the reasoning in the excuse and the boss' sincerity in communicating the excuse. Specifically, the perceived adequacy and sincerity of a boss' excuse for refusing a budget request was negatively associated with subordinates' feelings of anger, procedural injustice, and disapproval of the boss, and sincerity alone was negatively associated with complaints to higher-ups, whereas the claim of mitigating circumstances had no independent effects in any of the responses.

(i) Perceived Sincerity

The researchers concluded that the excuse did not have the predicted effects because the negotiator may have appeared insincere in giving such an explanation (Sitkin & Bies, 1992). That means, the appearance of insincerity undermined the social accounts, thus becoming a contributor factor to change management (Sitkin & Bies, 1992). A field study conducted by Bies in 1987 examined how a boss' sincerity in giving an excuse for an unfavorable budget decision influenced the employees' perceptions of unfairness about the decision-making process. As part of the survey, employees were asked to assess the presence of an excuse and the sincerity of the boss in giving the excuse. The results showed that the presence of an excuse and the boss' sincerity were each independently and negatively associated with perceptions of unfairness (Sitkin & Bies, 1992).

(ii) Perceived Adequacy

Bies & Shapriro conducted a business simulation study in 1987. They found that

although a boss' excuse for the decision lessened the blame attributed to the boss, as well as reduced feelings of procedural unfairness, it was the perceived adequacy of the reasoning in the excuse (Sitkin & Bies, 1992).

Bies & Sitkin (1992) stated that in a follow-up study by Folger & Marin in 1986, the subjects were less resentful and more willing to recommend the experimenter (offender) when they perceived the reasons as adequate, rather than inadequate, for the offender's action.

To conclude, empirical evidences support that perceived sincerity and adequacy are more effective in social accounts than the claim of mitigating circumstances.

(b) Exonerating Accounts: legitimate motives

According to Sitkin & Bies (1993), exonerating accounts attempts to clarify the basic premises underlying the actions. To reframe the action by placing it in a broader framework can legitimate the action. Thus, anger and disapproval engendered by individual actions may be suppressed, in part because such feeling are not deemed appropriate given the legitimate motives that ostensibly motivated the actions.

Sitkin & Bies (1993) stated that Nesdale, Rule & McAra (1975) found that subjects were more likely to approve the harmful action when an explanation of the harm doer's action suggested a good motive for the action. Shaprio (1991) found that subjects who were deceived by their partners were less punitive and less likely to retaliate if the

offender gave them constructive rather than non-constructive goals for the action.

Further, Rousseau & Tijoriwala (1999) claimed that employees are more likely to support the action when management gives the social account with functional reasons – well intentioned and constructive. Functionality reflects the extent to which a reason generally can be construed to support constructive goals of organizations such as progress or development (e.g., quality, continuous improvement, organizational survival) or non-constructive goals, such as self-serving interests of particular persons or groups (e.g. self-aggrandizing senior management). Thus, functional reasons promote the legitimacy. Legitimacy is considered to reinforce the change acceptance and involvement.

(c) Reframing Accounts: altering perceptions about consequences

When consequences are perceived as unfavorable or unfair, conflict is ensured (Thomas, 1976). Sitkin & Bies (1993) stated that reframing accounts alter perceptions regarding outcome. It attempts to explain the outcome by suggesting how that outcome can best be put into an appropriate context for interpretation. March & Olsen in 1976 stated the effectiveness of reframing accounts is likely to be related to the degree to which the explanation provides a new, alternative action that is easy to imagine, immediate, specify and familiarize (Sitkin & Bies, 1993). For example, “downsizing today will create a more competitive organization and stabilize employment in the future” (Rousseau & Tijoriwala, 1999 P.515).

Only a few studies examine the effects of reframing accounts. Giacalone & Pollard

in 1987 found that social accounts were more acceptable when there was a low-outcome severity rather than high-outcome severity (Sitkin & Bies, 1992). In Bies (1987) another study done again by Bies in 1992 used this context communicating bad news about a reduced sales contract or budget allocation. One group of subjects received information in which the decision maker suggested that the recipient might receive better future outcomes. Another group of subjects did not receive such affirming information. As predicted, those subjects who received such a reframing account expressed less feelings of injustice and characterized the news less negatively than did those subjects who did not receive such information.

The social account theory provides the framework in understanding the conceptualization process of employees in organization change. Previous researches presented consistent support to the social account theory but specifically on conflict management and injustice management issues. These previous researches were typically conducted in laboratory settings or involved field studies of a discrete event. This study can bridge the research gap by examining the usefulness of the theory in a real, organization-wide change. Practically, social account theory has been tested by one empirical study on organization change (Rousseau & Tijoriwala, 1999), which focused on the exonerating account of social account theory. This study extends to other accounts, namely message communicator characteristics and reframing account.

CHAPTER III

RESEARCH SETTING

Hypotheses

After reviewing the literature review, there are three types of social accounts that will be focused on in this study. As mentioned earlier, the employees' acceptance of change is vital for the successful change implementation. The employees' acceptance will be the dependent variable in the present study.

(a) Mitigating Account

Since it has been found that the employees' reactions were influenced most by the adequacy of the reasoning and management's sincerity in communicating the account rather than the claim of mitigating circumstances (Bies & Shaipiro, 1988). The adequacy of reasoning and sincerity are used as the independent variables to predict the employees' acceptance of change. Hence, it is hypothesized that

Hypothesis 1: The perceived sincerity of reasoning will be positively related to the

employees' acceptance of change.

Hypothesis 2: The perceived adequacy of social account giver will be positively related to the employees' acceptance of change.

(b) Exonerating Motives

When the planned change is placed in a broader framework to legitimate the action, anger and disapproval may be suppressed. Consistent with the social accounts theory, the following hypothesis is made:

Hypothesis 3: The perceived legitimacy of the reason will be positively related to the employees' acceptance of change.

(c) Reframing Account

Giocalone & Pollard in 1987 found that social accounts were more acceptable under low-outcome severity rather than high-outcome severity, Therefore, it is postulated that:

Hypothesis 4: The perceived outcome severity will be negatively related to the employees' acceptance of change.

Sitkin & Bies (1993) suggested that outcome negativity is one of the situation factors to influence the effectiveness of explanations in conflict situations. Follow the line of reasoning of reframing account; a reframing account is an explanation that attempts to

minimize the perceived undesirability of negative consequences (Sitkin & Bies, 1993). When consequences are perceived as unfavorable, conflict is ensured (Thomas, 1976). That means, the negative outcome will engender conflict or disapproval. Thus, it is postulated that:

Hypothesis 5: The perceived outcome negativity will be negatively related to the employees' acceptance of change.

Conceptual Framework of this study

Independent Variables	Dependent Variable
Perceived adequacy of reasoning	Employees' acceptance of change
Perceived sincerity of account giver	
Legitimacy of account	
Perceived outcome severity	
Perceived outcome negativity	
(+): a positive relationship	
(-): a negative relationship	

CHAPTER IV

THE CHANGE PROGRAM

Introduction

Maersk Hong Kong Limited (Maersk) is the subject to examine the change implementation in this study. Maersk is one of the companies to conduct planned change in Hong Kong. The senior management of Maersk conducted a forum to explain the reason, objectives for the planned change initiatives to all employees in October 1998.

Company Background

Maersk Hong Kong Limited is the agent of a Danish shipping company, Maersk Shipping Line in Hong Kong. Maersk Line was the second largest shipping company in the world in terms of vessel capacity in 1998. Maersk Line has slipped down to the second largest shipping company from the first after one international shipping line merged with another shipping line in 1997. The limitation of capacity caused Maersk Line to acquire approximately 10% market share. Nevertheless, Maersk Line still

occupied the pre-eminent position among the competitors because of the renowned reliability, fast transit time and other value-added services. Maersk Hong Kong provides containerized transport services mainly from Hong Kong to America, Europe, Australia, Intra-Asia and inbound services to Hong Kong. Within the International Maersk group, Maersk Hong Kong was the agent handling the largest volume and earning the highest revenue. There were about 250 employees at the time of initiating the change program.

The Change Program

Nevertheless, the senior management of Maersk recognized the need to be on guard, and to continuously improve their services under fierce competition. The planned change program was named as “The Maersk Hong Kong – First in the 21st Century” and initiated in the second half of 1998. The change program aimed to make Maersk (a) first with customers, (b) first with customer service, (c) first in productivity, and (d) first in profitability. The planned change was to (a) re-orient management style from command and control to leading and coaching, (b) streamline and revise the management and business processes, (c) reinforce customer focus, (d) develop skills and knowledge of the employees of Maersk, and (e) change the appraisal system that can measure and compare performance over time.

Pricewaterhouse-Coopers was invited to provide consultation and to kick off the change program. Initially, the management distributed a memorandum to all employees stating that Maersk was to undergo a change program and had invited PricewaterhouseCoopers to do the consultation. The employees were notified that

PricewaterhouseCoopers would be inviting them for focus group studies as well as surveys. In the meantime, a team of 7 change agents from various departments were organized to provide assistance to PricewaterhouseCoopers.

PricewaterhouseCoopers conducted focus groups with total of 53 employees from different departments to clarify the vision and what it means, and to explore the strengths and weaknesses of the organization. Afterwards, about 20% of the employees were surveyed to assess their levels of skills, values, knowledge, and the perceived value on their roles.

After PricewaterhouseCoopers did the analysis and worked out the change project report and proposed action plan, the Managing Director of Maersk along with the consultants of PricewaterhouseCoopers conducted a forum in a hotel to explain the objectives of the “First in 21st Century” change project in October 22, 1998. The results of assessment as well as the future actions were also included in the discussion.

Action Plans Recommended by PricewaterhouseCoopers

1. Restructure

(a) Organization structure

(b) Department structure

To provide opportunities for staff to contribute to the restructure in order to increase the ownership of structure and establish the practice of involvement and empowerment.

2. Establish Department Goal and Plans

- (a) involve employees in developing the department goal and plan
- (b) set department goal and link it to individual employee's goal

3. Organize Four Action Teams

PricewaterhouseCoopers recommended organizing four action teams which would lead in,

- (a) training and support
 - headed by the General Manager of Counter Department
- (b) performance appraisal
 - headed by the General Manager of Human Resources Department
- (c) internal communication
 - headed by the Manager of Advertising & Promotion Department
- (d) customer service
 - headed by the General Manager of USA Line Department

The Managing Director appointed four senior employees who had expertise in particular disciplines as the team leaders of the action teams, for instance, the performance appraisal team was headed by the General Manager of the Human Resources Department and the internal communication team was headed by the Manager of the Advertising & Promotion Department. The team members were mainly selected from the junior or middle management by the team leader and the

General Manager of the Human Resources Department. However, the selected team members were subject to the endorsement of the Managing Director. In each team, there were about six members from various departments who evaluated the existing systems and designed the appropriate system.

The Implementation of the Change Program

1. Restructure

(a) Organization Structure

The Managing Director announced the regrouping of the five separate line departments into two main line departments in the middle of October 1998. Previously, the separate line departments were each headed by one General Manager who reported directly to the Managing Director. After the restructure, the America, Reefer and Import Line were grouped as one large line, which was to be headed by the General Manager of America Line. The remaining two lines, Europe and AAA (Asia And Australia) lines were paired together as another significant line which was headed by the General Manager of Europe Line. The general staff did not express much resistance to such arrangement because it only changed the reporting structure. The title, employment terms and benefits remained unchanged for the General Manager of Import, Reefer and AAA Lines. After the Asian Financial Crisis, layoffs from sizable companies were very common in Hong Kong. Under the tight labor market, the employees who were dissatisfied chose not take any action, as it would

place their employment status at risk. In reality, they did not lose anything in monetary terms but their status and prestige declined. The detailed organization chart can be found in Appendix.

(b) Department Structure

There were no explicit changes in the department structure resulting from the change program, with the exception of around 30 employees being terminated between January and June of 1999. The management did not want the unaffected employees to associate the layoffs with the change program. The management treated the termination very low profile. The employees generally believed that layoffs were the result of common practices in Hong Kong after the Asian Financial Crises and seldom associated them with the change program.

2. Department Goal & Plan

The department's plan and goal was quite new to Maersk. Previously, there had been no department goal, plan or individual employee's goal. Since it is recommended by the consultants, some departments such as the Operations Department and Europe Line department have indeed developed 1999's department goals and plans for 1999 but the employees' involvement was minimal. The department heads of these departments conducted a meeting to communicate the newly developed department goal and plan to the employees in December of 1998. However, the department goal did not link to the individual employee's goal that

was suggested by PricewaterhouseCoopers.

3. The Four Action Teams

The action teams involved the employees to evaluate and design the systems by surveying all employees, conducting focus group studies or discussing with the middle management. Generally, the employees were well aware of the change program. It was known that the four action teams completed and submitted the reports and action plan proposals to the Managing Director for endorsement in July of 1999. However, the implementation of the action plans has been suspended till this moment without official announcement.

The kick off of the action plans was interrupted because of the recent acquisition of another shipping company. It is not known when the change program will be reinstated to carry out the action plans. Although the change program has not been implemented to completion, this study focuses on the role of social accounts in affecting employees' acceptance of change and the final result of the change program can be neglected. Since employees understand that the change program has been interrupted by the acquisition, and the outcome of the change program is not yet seen despite the change program is initiated one and a half years ago. That is to say, the perceptions of the change program by the employees will not be largely influenced at the time of surveying of the present study.

CHAPTER V

RESEARCH METHODOLOGY

Data Collection

Questionnaire

The present study relies on a questionnaire designed by the author to test the hypotheses. The questionnaires were distributed to all 192 employees who were currently working for Maersk through internal E-mail. All the employees that witnessed the change initiatives from the beginning are the respondents. That means, the employees who joined Maersk in the second half of 1998 are the qualified respondents. Thus, it specifically requested that only employees who joined Maersk before July 1, 1998 were invited to complete the questionnaires. The respondents voluntarily filled in the questionnaires and returned them completed back through internal mail without stating their names or department on the envelopes and questionnaires in order to warrant the confidentiality and anonymity. The completed and returned questionnaires are only qualified if the respondents had joined the company before July 1, 1998 in order to ensure that the

respondents witnessed the planned change initiative.

Measurement of Questionnaire

Using a structured questionnaire, the respondents were asked to give their perceptions of the change program. With the exception of the first three questions, all others required one to state the agreement or disagreement with a number of statements using a 5-point scale (1 = strongly disagree and 5 = strongly agree). The first two questions asked the respondents to rate their understanding and satisfaction with the pace of the change program using the 1(not at all) to 5 (very much) scale. The perceived reason of the change program was asked in the third question. The sample of the questionnaire can be in the Appendix.

Variables Measurement

All of variables used in the statistical analysis are operationalized as follows:

Independent and Dependent Variables

1. Perceived Sincerity

This variable is adopted from Bies, Shapiro & Cummings (1988). The respondents were asked to rate the degree to which the social account giver, the Managing Director

(a) appeared sincere, and

(b) really meant what he said when communicating his explanation of the change program

These two items are then added up and divided by 2 to form a scale

2. Perceived Adequacy

The perceived adequacy is employed from Bies, Shapiro & Cumming (1988), the respondents were asked to rate the degree to which the reasons given in social account were

- (a) adequate, and
- (b) sufficient

Then, these two items are added up and divided by 2 to get the degree of perceived adequacy.

3. Legitimacy

Using the same variable measurement by Rousseau & Tijoriwala (1999) respondents are asked to rate the degree of the perceived reason\explanation of the change program was

- (a) acceptable,
- (b) reasonable, and
- (c) inevitable.

Then, they were summed up and divided by 3 to get the degree of legitimacy.

4. Outcome severity

This variable was to measure the extent to which the respondents' perceived the change program would have a

- (a) severe outcome, and
- (b) great impact on them.

They were added up and divided by 2 to have the degree of outcome severity.

5. Outcome Negativity

Measure the extent to which the respondents interpreted the change program to have

- (a) Negative outcome on (i) Maersk and (ii) themselves
- (b) Positive outcome on (i) Maersk and (ii) themselves

The items in (b) were added up and divided by 2, then subtracted from 5 to form the scale. The items in (a) were added up and was divided by 2. Then, the subtraction from (b) was added up with the result of (a) and was divided by 2 to form the scale of outcome negativity.

6. Employees' Acceptance of Change

Measure the extent to which the respondents

- (a) cooperation
- (b) wanting to participate
- (c) Resisted

The item from (c) was subtracted from 5 and get positive direction in measuring acceptance. Then, the results from (a), (b) and (c) were summed up and was divided by 3 and to obtained the degree of acceptance of the change

Other Related Factors

Other related variables that were identified to be associated with some of the independent variables were perceived sincerity, legitimacy, outcome severity and

outcome negativity.

1. Functional and dysfunctional reason

The respondents are asked to choose the perceived reason of the change program. Following the classification of functionality of (Rosseau & Tijoriwala, 1999), the reasons supporting constructive goals of organization such as quality improvement was classified as a functional reason. Non-constructive goals such as self-serving interests of particular persons or groups were considered as dysfunctional reasons. In this study below, reasons are available for respondents to choose from:

- a. quality improvement (functional)
- b. increase the revenue (functional)
- c. cut costs (functional)
- d. increase competitiveness (functional)
- e. build up image or reputation (functional)
- f. motivate the workforce (functional)
- g. obtain more work out of employees for same pay (dysfunctional)
- h. fulfill management self-interests (dysfunctional)
- i. political reasons (dysfunctional)
- j. others, please specify _____

2. Adequacy of outcome severity explained

This variable is measured by asking respondents to rate the extent to which the Managing Director had adequately explained the outcome severity of the change

program.

3. Adequacy of positive outcome explained

The respondents were asked to rate the degree to which the Managing Director had adequately explained the positive outcome of the change program.

4. Adequacy of negative outcome explained

The respondents were asked to rate the degree to which the Managing Director has adequately explained the negative outcome of the change program.

CHAPTER VI

RESULTS

The total of sixty-five employees who responded to the survey, represent a response rate of 34%, the qualified sample size being 192. The demographic characteristics and the profile of the respondents are shown in Appendix.

Correlation

Table 1 presents the descriptive statistics, explicitly being means, standard deviations and the inter-correlation matrix for the variables used in this study. From the results, it is found that the perceived sincerity ($r = 0.42$), perceived adequacy ($r = 0.48$), the legitimacy ($r = 0.53$), and outcome negativity ($r = -0.54$) are highly correlated to the employees' acceptance of change. But, the outcome severity ($r = 0.19$) only shows a weak correlation with the acceptance of change. That means, the more sincerely the management is perceived by the employees, the more adequate their reasoning is, the more legitimate the action is, the less the negative outcome is and the more the acceptance of the change. Among the independent variables, the legitimacy and the

outcome severity show the highest correlation with the acceptance of change.

Examination of the relationships between the five independent variables indicated they were correlated with each other at various degrees. This result suggests that even though the independent variables are conceptually distinct, they are not independent under the change situations (Bies, Shapiro, Cumming, 1988).

Table 1. Descriptive Statistics and Intercorrelation Matrix

<u>Variables</u>	Mean	SD	1	2	3	4	5	6	7	8	9
1 Sincerity	3.67	0.89	-								
2 Adequacy	3.30	0.84	0.65	-							
3 Legitimacy	3.87	0.64	0.64	0.60	-						
4 Outcome severity	3.45	0.81	0.42	0.56	0.52	-					
5 Outcome negativity	2.04	0.65	-0.38	-0.57	-0.51	-0.32	-				
6 Acceptance of change	3.79	0.74	0.42	0.48	0.53	0.19	-0.54	-			
<u>Other related factors</u>											
7 Functionality of reason	NA	NA	0.35	0.28	0.25	0.11	-0.30	0.29	-		
8 Severity explained	3.22	0.85	0.51	0.48	0.50	0.57	-0.30	0.16	0.06	-	
9 Positive outcome explained	3.68	0.91	0.56	0.55	0.51	0.57	-0.24	0.24	0.13	0.74	-
10 Negative outcome explained	3.00	0.94	0.44	0.48	0.45	0.57	-0.27	0.20	0.00	0.73	0.55

The perceived sincerity was highly associated to all other independent variables. The more the sincere the management is perceived by the employees, the more adequate the reasoning is, the more legitimate the action, the more severe the outcome and the less the negative outcome is perceived to be. Comparatively, the perceived sincerity is significantly related with the perceived adequacy and legitimacy than with the other independent variables.

Similarly, the adequacy of reasoning is correlated with all other independent variables. Consequently, the more adequate the reasoning is, the more legitimate the action, the more severe the outcome and the less the negative outcome is perceived to be.

Legitimacy is highly and positively related with perceived outcome severity, and negatively with perceived outcome negativity. The more legitimate the reasoning is perceived by the employees, the more severe the outcome and the less negative the outcome is perceived.

Other Related Factors

Despite that the related factors are not related to the acceptance of change, they are related to other independent variables.

1. Functionality of Reason

The functionality of reason shows a moderate correlation with the perceived sincerity ($r = 0.35$), the perceived adequacy ($r = 0.28$), the legitimacy ($r = 0.25$) and the outcome negativity ($r = -0.30$) and the perceived outcome negativity ($r = 0.30$). Since the dysfunctional reason is coded as “0” and functional reason as “1”, the results of positive correlation show that functional reason is positively related to the variables while the dysfunctional reason is negatively related to the variables. That means, functional reason is positively correlated with the perceived sincerity, the perceived adequacy, the legitimacy and the perceived outcome negativity but negatively correlated with the outcome negativity. Dysfunctional reason is negatively related with the perceived

sincerity, the perceived adequacy, the legitimacy and the perceived outcome negativity but positively negatively correlated with the outcome negativity.

2. The Adequacy of Outcome Severity Explained

The adequacy of outcome severity explained is highly associated with the perceived sincerity ($r = 0.51$), the perceived adequacy ($r = 0.48$), the legitimacy ($r = 0.50$), the outcome severity ($r = 0.57$) and the outcome negativity ($r = -0.30$).

3. The Adequacy of Positive Outcome Explained

The adequacy of positive outcome explained is highly correlated with the perceived sincerity ($r = 0.56$), the perceived adequacy ($r = 0.55$), the legitimacy ($r = 0.51$), the outcome severity ($r = 0.57$) and the outcome negativity ($r = -0.24$).

4. The Adequacy of Negative Outcome Explained

The adequacy of negative outcome explained is highly linked with the perceived sincerity ($r = 0.44$), the perceived adequacy ($r = 0.48$), the legitimacy ($r = 0.45$), the outcome severity ($r = 0.57$) and the outcome negativity ($r = -0.27$).

Regression

Simple regression analysis was then used to establish the relative influence of independent variables on the employers and acceptance of change. From the results of intercorrelation matrix, it is found that the independent variables are significantly correlated with one another. Multicollinearity may exist. The problem of multicollinearity

creates difficulty in multiple regression because the regression results fail for the users to detect significant relationships between the dependent variable and some independent variables (Billingsley & Huntsberger, 1996). Thus, this study cannot adopt the multiple regression in assessing the relationship. The simple regression is used to establish the relationship. Table 2 shows the result of simple regression.

Table 2 Result of Simple Regression

Independent Variables	β	t-value	R^2
Sincerity	0.35	3.65*	0.17
Adequacy	0.42	4.33*	0.23
Legitimacy	0.61	4.95*	0.28
Outcome severity	0.17	1.50	0.03
Outcome negativity	-0.62	-5.14*	0.30

$N = 65$

* $p < 0.01$

Hypothesis 1 predicted that the perceived sincerity of reasoning - the social account offered for the change - would be positively related to the employees' acceptance of change. This hypothesis is supported with $\beta = 0.35$, which is significant at $\alpha = 0.01$.

Hypothesis 2 tested whether the perceived adequacy of the social account giver would be positively related to the employees' acceptance of change. This hypothesis is also support with $\beta = 0.42$.

Hypothesis 3 predicted that the perceived legitimacy of the reasoning would be positively related to the employee's acceptance of charge. As predicted, a significant relationship is found ($\beta = 0.61$).

Hypothesis 4 postulated the perceived outcome severity would be negatively related to the employees’ acceptance of change. However, the finding shows that *p* is larger than 0.05. Therefore, this hypothesis is not supported that the perceived outcome severity influences the employees’ acceptance of change.

Hypothesis 5 postulated that the perceived outcome negativity would be negatively related to the employees’ acceptance of change. As predicted, this postulation is supported ($\beta = -0.62$).

Table 3. Result of Simple Regression of Functionality of Reason on Legitimacy

Variable	β	t-value
Functionality of reason	0.44	2.01*
Intercept	3.50	17.52*
R ²	0.06	
Model F	4.04	

N = 65
* *p* < 0.05

For the related factors, it is found that the functionality of reason is significantly influenced the legitimacy. It is consistent with the study of Rosseau & Tijoriwala (1999) that the functional reason promotes the legitimacy. Since the dysfunctional reason is coded as “0” and functional reason as “1”, the result of positive coefficient shows that functional reason is positively related to the legitimacy while the dysfunctional reason is negatively related to the legitimacy.

Taken together, the simple regression analysis supports hypotheses 1, 2, 3 and 5 but

not hypothesis 4. I also compare the importance of the independent variables in influence the acceptance of change. After the examination of the coefficients, the coefficients of legitimacy ($\beta = 0.61$) and outcome negativity ($\beta = -0.62$) are the highest. This suggests that the legitimacy and the outcome negativity are more likely to influence the employees' acceptance of change than perceived sincerity, the perceived adequacy and the outcome severity.

CHAPTER VII

DISCUSSION

This study adopted the key concepts of the social account theory; legitimating motives, reframing consequences, and message communicator characteristics, which is the perceived adequacy and the perceived sincerity to study how the social account motivated the employees' acceptance of change. The results revealed that the perceived sincerity, perceived adequacy of the message communicator characteristics, the legitimating motives and the outcome negativity of reframing account all had significant relationships with the employees' acceptance of change. However, the remaining relationship of the outcome severity of reframing account could not be supported by the findings.

Message communicate characteristics

a. Perceived sincerity

The result is consistent in past studies that the perceived sincerity is positively related to the acceptance of change. When the management is sincere in giving the social

account, the employees are more likely to believe what the account giver is saying is fair (Sitkin & Bies, 1992) and the company does not intend to act unfairly to employees. Not surprisingly, the perceived sincerity is significantly and positively correlated with legitimacy. The Managing Director conducted a forum to explain the change program to all Maersk employees. As this was the first forum conducted within Maersk. The employees generally perceive the management to be very sincere. Proceeding the forum, a color-printed poster was distributed to each employee, further reinforcing the sincerity of the management. The employees who were unable to attend the forum were still be informed about the change program. From the result of the survey, the respondents agreed that the management was sincere (mean score = 3.67).

The perceived sincerity is highly related with legitimacy. Functional and dysfunctional reasons are also correlated with legitimacy, it is obvious to associate that functional and dysfunctional reasons are also correlated to sincerity. The details of functional and dysfunctional reasons will be discussed later under section of legitimacy.

Apart from this, it is also found that the adequacy in illustrating the outcome severity ($r = 0.51$), the positive ($r = 0.56$) and negative ($r=0.44$) outcomes are associated with sincerity. It can be inferred that the more adequate the illustration of outcome severity, positive and negative outcome, the more the sincerity; the greater the acceptance of change. When the management adequately explains the severity of consequences, and the positive and the negative impact to be expected from the change program, the management is being upfront and honest.

b. Perceived Adequacy

Previous studies such as that conducted by Bies & Shapiro (1987) found that the perceived adequacy of reasoning could lessen the blame attributed to the management, as well as reduce the feeling of unfairness and resentment (Bies & Sitkin, 1992). Thus, the employees were more willing to accept the change. The Managing Director stated the objectives and rationales of the change program as well as the action plans towards achieving the goal at the forum. Afterwards, there was a period in which employees were given the opportunity to raise any questions or concerns that they may have. Despite encouragement, they remained quite passive. The employees slightly agreed that the Managing Director had adequately provided the reasons of the change program (mean score = 3.30). From the regression result, the perceived adequacy of explanation can influence the acceptance of change.

The content of the account can influence its perceived adequacy (Bies & Sitkin, 1992). In the study of Bies & Shapiro (1988), they found that not all claims of reasoning were perceived as “equal” by subordinates. Some types were perceived as more adequate than others. Explanations that focused on functional or constructive aspects such as budget constraints were significantly perceived as more adequate than explanations that focused on dysfunctional or non-constructive aspects such as political reasons in upper management.

Since the functional and dysfunctional reasons are correlated with legitimacy, it is

not surprising that the perceived adequacy is related with legitimacy ($r = 0.62$).

When the employees perceived the extent of adequacy, they did not only look for the reasons but also the adequacy in explaining the outcome. From Table 1, it is interesting to find that the adequacy in explaining the outcome is significantly correlated with the adequacy in explaining of outcome severity, positive and negative impact. Thus, the management must consider delivering the positive and negative impact and outcome severity adequately in order to enhance the level of perceived adequacy, in turn, motivating the change acceptance.

Exonerating Motives

Exonerating motives suggests that appealing to a broader normative framework can legitimize the change action (Sitkin & Bies, 1993). The disapproval of such change may be suppressed, in part because such feelings are not deemed appropriate given the legitimate motives. Following this line of reasoning the legitimacy of reasoning would be positively related to the employees' acceptance of change, which is also supported by the results of correlation and regression (Table 1 and 2). The objective of the change program in Maersk was to increase the competitiveness focusing towards being in the "first" position with customers, customer service, in productivity and in profitability. Since Maersk has fallen to the second position, the management has wisely appealed the motives to a broader normative framework. By exonerating the motive, it was deemed inappropriate for the employees to resist the change program even it was conflict with their wills. It is interesting to find that only 34% of the respondents correctly indicated

the reason of the change program, which was to increase competitiveness. The employees might have interpreted the reason of change differently or perhaps the reason was not clearly communicated through to the employees. Since the reasoning was explained one and a half years ago, it is also possible that the respondents may have blurred memory on the exact reason.

To further investigate whether normative motive could legitimate the action, a separate regression was done to verify the relation. From Table 3, it is found that functional reason and dysfunctional are significantly related with legitimacy. According to Rousseau & Tijoriwala (1999), functionality is a generic aspect of reasons, showing the extent to which a reason generally can be construed to support constructive goals of organization. An example of constructive goals could be progress or development (e.g. quality, organization survival or improvement) or non-constructive goals such as self-serving interests of particular persons or groups (e.g. self-aggrandizing senior management). This study adopts the same classification as Rousseau & Tijoriwala did in 1999 to define the function reason as quality improvement and economic consideration such as cut costs; the dysfunctional reason as political issues and self-interests of management. That means, to reframe the reason of change as functional would increase the legitimacy, and in return, enhancing the employees' acceptance of change. On the other hand, claiming the reason as dysfunctional would automatically decrease legitimacy and lessen the acceptance of change.

Apart from the functionality of reason to influence the legitimacy, it is also

found that legitimacy is correlated with the adequacy in explaining the outcome severity ($r = 0.50$), positive ($r = 0.51$) and negative ($r = 0.45$) outcome. When the management adequately states the outcome: possible severity, positive and the negative outcomes, The management appears nothing to hide from the employees. The purpose of the change action is to increase the competitiveness not for something that cannot be disclosed to the employees resulting in the enhancement of legitimacy. Certainly, it is assumed that the management would not completely disclose the outcome severity and negativity when the consequences are neither normative nor functional. If employees perceived the management had adequately stated the outcome, they were viewed as sincere. The more information provided, the better understanding the employees had for the reason of change.

Reframing Outcome

a. Perceived outcome severity

The results from this study are not consistent with those done by Giacalone & Pollard in 1987. The result of the present study showed that the relationship between perceived outcome severity and the employees' acceptance of change is not significant ($p = 0.14$). However, perceived outcome severity shows a positive but weak correlation with the acceptance of change ($r = 0.19$). The employees generally welcomed the change particularly if it could revitalize the company. But employees wanted to have large-scale transformations on the bureaucratic structure and traditional management culture within the company. Changes on this level most often have serve results meaning that the employees may still have reservations on the change program because they may lose

result of the change. This may be the reason that the perceived outcome severity is positive but weakly correlated with the acceptance of change. But this postulation requires further study to testify.

b. Perceived Outcome Negativity

When the outcome is perceived as negative by the employees, conflict can be ensured (Thomas, 1976) as it is natural for employees to disapprove the action. Indeed, Maersk has terminated around 30 employees. But according to Brockner et al (1989), this layoff was perceived as an unusual event because of the noble culture of Maersk was not to dismiss employees. This noble rule conflicted with the restructure of the change program. And were initially believed to have an unfavorable outcome. However, employees did not perceive this as negatively as expected as shown the mean of perceived negative outcome illustrating slightly disagree the change program would have negative outcome. As quoted in Rousseau & Tijoriwala (1999), "Downsizing today will create a more competitive organization and stable employment in future" while illustrating the concept of reframing outcome.

To reframe the action into an appropriate context for interpretation, that is to make it believable, is not simple task. What situational factors can the company use to associate with the outcome negativity? It is found that the functional reason ($r = -0.30$), dysfunctional reason ($r = 0.30$), the adequacy in explaining the outcome severity ($r = -0.30$) and the adequacy in explaining the negative outcome ($r = -0.27$) are all moderately associated with the perceived outcome negativity.

The functional reason of change implied that the more positive the outcome the change program headed in the constructive goal could bring out a favorable outcome rather than an unfavorable one. On the other hand, when the non-constructive direction was headed by the dysfunctional reason of change, negative consequence were the result.

As previously illustrated, the degree of adequacy used to explaining the outcome severity and the negative outcome implies that the management has nothing to hide from its employees. It is perceived that action is being taken for the goodness of the company as mentioned earlier, obviously resulting positively. It is assumed that the management will not state the outcome severity and negativity if the outcome is not perceived as functional or normative.

The account of reframing outcome can be examined through two aspects of reframing the outcome severity and the outcome negativity. Though the present study does not support the reframing of the outcome severity. It is consistent with the reframing of outcome negativity. Thus, the account of reframing outcome is still valid in motivating the employees' acceptance of change.

When comparing all the independent variables, the legitimacy ($\beta = 0.61$) and the outcome negativity ($\beta = -0.62$) received the highest coefficient. This means that the legitimacy and the outcome negativity have more influential powers than the perceived sincerity, the perceived adequacy and the outcome severity. However, the outcome negativity influences acceptance of change in the opposite direction. This implies that the

exonerating motive and the reframing account exert more influence to motivate the change than message communicator characteristics. The employees are more likely to support the change when the motive is legitimate and the consequences are reframed to be less negative.

CHAPTER VIII

LIMITATIONS AND CONCLUSION

Limitations

The social account is likely to play a role in promoting change in its early phases. Once implementation is underway, the extent to which the change takes place influences the employees' interpretation on the change (Rousseau & Tijoriwala, 1999). Although the change program studied is still in the earliest stage of implementation after one and a half years because the four action teams have still not carried out the change action plans, the perceived gains or losses from the change may be influenced by the experiences and interpretation gained in one and a half years time.

The writer works for Maersk. There was role conflict in conducting the survey. Some employees might have interpreted that the survey was conducted on behalf of management, though the academic purpose was emphasized in the questionnaire. Some employees may have reservation to indicate their honest opinions, despite guaranteed anonymity through internal mail system because they were feared that their answers

would be disclosed to the management.

The research used a one-time questionnaire to gather the data. However, this cross sectional study has an inherent problem in understanding causal process that occurs over time. It is because the conclusions are based on observations made at only one time. The longitudinal study has an obvious advantage over cross-sectional one in providing information describing processes over period. However, the heavy cost in both time and money limits the usage. Because of such limitation of time, only cross-sectional data was available for this research.

Since this research studied the organizational change in a private company, the sample size was rather limited, though the response rate of 34% was not low. Furthermore, over 50 employees who witnessed the change initiatives left the company at the time of surveying and there was no channel to contact them to fill in the questionnaires. In order to maximize the response rate and the number of observations, the author sent two follow up E-mails to all employees to remind them to response to the questionnaires.

Conclusion

The study presents consistent evidence that a social account is not limited to the strategy of conflict management and injustice management but also can be applied in motivating change in organizations. The results of the present study shows support towards the message-communicator characteristics, the degree of perceived sincerity and

adequacy, exonerating motives and reframing outcomes to motivate the employees' acceptance of change.

The findings infer that the exonerating account and the reframing account have more influence to motivate the change than the message-communicator characteristics. It is also found that the functionality of reasons influence the legitimacy, which is the exonerating account. Furthermore, the functionality of reasons and the adequacy in explaining the outcome, including the outcome severity and the negative outcome, are moderately correlated with the perceived outcome negativity, namely, the reframing account. The organizations can consider combining the message-communicator characteristics, the exonerating account and the reframing account together to successfully motivate the change implementation. The study did show that the exonerating account and the reframing account exert more influence towards the acceptance of change.

The factors discussed were all situational factors that could determine the effectiveness of social account. Such characteristics made it easy for people to use social account to their own means to deceive, mislead or create a sense of 'false peace' (Sitkin & Bies, 1993). However, the unethical use of social account imposes a negative impact on the organization when the employees recognize it in the long run. When an employee believes that he or she has been intentionally deceived, the result is a feeling of betrayal and distrust, which may lead to negative retaliation. The social account theory is easy to use and quite effective but it must be used ethically towards all parties.

Although social account is easily manipulated, there is often miscommunication between management and the employees. According to Rousseau & Tijoriwala (1999), employees may interpret the reasons for change differently than the reasons offered by management. The relationship between the employees and the organization shapes the employees' interpretation of the organizational actions. Therefore, the way employees interpret the reason for change impacts their reactions to it. The findings of Rousseau & Tijoriwala (1999) suggest that social account is often needed to motivate change and that such an account may not be sufficient to directly alter behavior if workers experience a low of trust in the management. Under such negative circumstances, it may be crucial to provide sufficient justification for change by emphasizing the benefits and valued consequences in the light of long term not just at the beginning stages of the change program. Regardless of the state of the trust foundation, it is advised to deliver the exonerating account, reframing account or the message communicator characteristics throughout the course of the change program.

The social account theory has only been tested by two empirical studies, including present study, on organizational change (Rousseau & Tijoriwala, 1999). Future studies can improve the generalizability of this study by replicating these results using other samples such as the local Chinese firm in Hong Kong. Since this study investigates the change in a European based company in Hong Kong, the management style may be different from the Chinese firm. Generally, the senior management of Maersk posts in the same position for two years and the senior management changes after two years. The

management style of different personnel may be varied. The employees in Maersk may get accustomed to changes in management style and policy resulted of the constant changes in senior management. However, the senior management is quite stable in the Chinese firm and there is no constant change in the management style and policy. The employees' interpretation of changes in the Chinese firms may be different from Maersk's.

BIBLIOGRAPHY

Books

Billingsley, Watson & Huntsberger, Croft. Statistics for Management and Economics.
Prentice Hall, 1996.

Bridges, William. Managing Transitions: Making the most of change. Addison-Wesley,
1991.

Fairhurst, Gail T. & Sarr, Robert A. The Art of Framing: Managing the language of
Leadership. San Francisco: Jossey-Bass, 1996.

Levinson, Harry. Organizational Diagnosis. Cambridge, MA: Harvard University Press,
1962.

Pfeffer, Jeffrey. Competitive Advantage Through People: Unleashing the power of the
work force. Boston: Harvard Business School Press. 1994.

Periodicals

Armenakis, Achilles A. & Bedeian, Arthur G. "Organizational Change: A review of theory and research in the 1990s." Journal of Management, 1999, 25, 3 p. 293-315.

Bies, Robert J. "The Predicament of Injustice: The Management of Moral Outrage." Research in Organizational Behavior 1987, 9, p. 289-319.

Bies, Robert J. & Moag, Joseph S. "Interactional Justice: Communication criteria of fairness. In M. H. Bazerman, R. Lewicki, & B. Sheppard (Eds.), Research on Negotiations in Organizations. Greenwich CT: JAI Press, 1986, 1, p.43-55.

Bies, Robert J. & Shapiro, Debra L. "Voice and Justification: Their Influence on Procedural Fairness Judgements." Academy of Management Journal, 1988, 31, 3, p. 676-685.

Bies, Robert, T., Shapiro, Debra L. & Cummings, Larry L. "Causal Accounts and Managing Organizational Conflict: Is it enough to say it's not my fault." Communication Research, 1988, 15, p. 381-399.

Bies, Robert J. & Sitkin, Sim B. "Explanation as Legitimation: Excuse-Making in Organizations." In M. L. McLaughlin, M.J. Cody and S. J. Read (Eds.), Explaining one's self to others: Reason-giving in a social Context. Hillsdale, NJ: Lawrence Erlbaum Associates, 1992, p. 183-198.

Blau, Judith R. "Organizations as overlapping jurisdictions: Restoring reason in organization accounts." Administrative Science Quarterly, 1996, 41, p. 172-179.

Brockner, Joel, Rocki Lee DeWitt, Grover, Steven & Reed, Thomas. "When it is especially important to explain why: Factors affecting the relationship between managers' explanations of a layoff and survivors' reactions to the layoff." Journal of Experimental Social Psychology, 1990, 26, p.389-407.

Gonzales, Marti H., Manning, Debra J. & Haugen, Julie A. "Explaining our sins: Factor influencing offender accounts and anticipated victim responses." Journal of Personality and Social Psychology, 1992, 62, 6, p. 958-971.

Gonzales, Marti H., Pederson, Julie H. & Manning, Debra J. & Wetter, David W. "Pardon my gaffe: Effects of sex, status and consequence severity on accounts." Journal of Personality and Social Psychology, 1990, 58, 4, p. 610-621.

Kramer, Roderick M. "Divergent Realities and Convergent Disappointments in the

Hierarchic Relation: Trust and the Intuitive Auditor at Work.” In R. M. Kramer & T. R. Tyler (Eds.), Trust in Organizations: Frontiers of theory and research, Thousand Oaks, CA: Sage, 1996, p.216-245.

Lamertz kai & Baum, Joel. “The legitimacy of organizational downsizing in Canada: An analysis of explanatory media accounts.” Canadian Journal of Administrative Sciences, March 1998, p. 93-107.

Marian, B. Lawson & Harold, L. Angle. “Upon Reflection: Commitment, satisfaction, and regret after a corporate relocation.” Group & Organization Management, September 1998, 23, 3, p. 289-317.

Rousseau, Denise M. “Changing the Deal While Keeping the People.” Academy of Management Executive. 1996, 10, p. 50-61.

Rousseau, Denise. M. & Tijoriwala, Snehal A. “What’s a good reason to Change? Motivated Reasoning and Social Accounts in Promoting Organizational Change.” Journal of Applied Psychology 1999, 84, 4: 514-528.

Shapiro, Debra L. “The Effects of Explanations on Negative Reactions to Deceit.” Administrative Science Quarterly, Dec 1991, 36, 4, p. 614-631.

Sitkin, Sim B. & Bies, Robert J. "Social Accounts in Conflict Situations: Using Explanations to Manage Conflict." Human Relations, 1993, 46, p. 349-370.

Tata, Jasmine. "Accounting for Untoward Managerial Actions." Management Communication Quarterly, Nov 1996, 10, 2, p. 168-189.

Thomas, Kenneth. "Conflict and conflict management." In M. D. Dunnette (Ed.), Handbook of Industrial and Organizational Psychology, Chicago: Rand McNally, 1976, p. 889-935.

Young, Robert. "Account Sequences." Symbolic Interaction, 1997, 20, 3, p. 291-306.

APPENDICES

Appendix 1	Sample of Questionnaire
Appendix 2	Organization Charts
Appendix 3	Charts Showing the Profiles of Respondents
Appendix 4	Chart Showing the Distribution of Perceived Reasons of the Change Program

Dear all,

I am a part-time student in the program of

environmental design and architecture

All information is confidential

and should be

kept confidential

Appendix 1

Sample of Questionnaire

Dear all,

I am a part-time student in the Chinese University of Hong Kong. Currently I am doing a survey on change program in organization. Could you please fill in below questionnaire. All information is only for academic purpose. Individual answers will be treated as highly confidential and will not be disclosed to other party. Thank you for your cooperation. Should you have any questions, please contact me at 28300509.

Best Regards,
Tanny Ng

Maersk has initiated a 21st Century Change Program in the second half of 1998. The Managing Director, Mr. Ulrik Brandt, and the representative from PriceCoopers conducted a forum in Regal Hotel in October of 1998 to explain the objectives and the rationales of the 21st Century Change Program. Below are the questions on how do you think about this change program.

For below questions, please mark your answer with the appropriate rating according to 1 –5 scale.

1. To what extent do you understand the change program?

Ans:

1	2	3	4	5
_____	_____	_____	_____	_____
Not at all			Very Much	

2. Are you satisfied with the pace of the change program?

Ans:

1	2	3	4	5
_____	_____	_____	_____	_____
Not at all			Very Much	

3. I think the “TRUE” reason of the change program is:
(Please choose only one option - the most likely reason)

- Ans:
- a. quality improvement
 - b. increase the revenue
 - c. cut costs
 - d. increase competitiveness
 - e. build up image or reputations
 - f. motivate the workforce
 - g. get more work out of employees for same pay
 - h. fulfill management self-interests
 - i. political reasons
 - j. others, pls specify _____

For below questions, please mark your answer with the appropriate rating according to following scale for below statements.

- 1 – strongly disagree
- 2 – slightly disagree
- 3 – neither disagree nor agree
- 4 – slightly agree
- 5 – strongly agree

4. I think the reason of change program that I indicate in Q. 3 is acceptable.

Ans:

1	2	3	4	5
_____	_____	_____	_____	_____
Strongly				Strongly
Disagree				Agree

5. I think it is reasonable for Maersk to have the change program.

Ans:

1	2	3	4	5
_____	_____	_____	_____	_____
Strongly				Strongly
Disagree				Agree

6. I think the change program is inevitable under current environment.

Ans:

1	2	3	4	5
Strongly Disagree			Strongly Agree	

7. I think the change program is meaningful.

Ans:

1	2	3	4	5
Strongly Disagree			Strongly Agree	

8. I think the management's explanation of the 21st Change Program was adequate.

Ans:

1	2	3	4	5
Strongly Disagree			Strongly Agree	

9. I think the management's explanation of the 21st Change Program was sufficient.

Ans:

1	2	3	4	5
Strongly Disagree			Strongly Agree	

10. I think the management appeared sincere when explaining the change program.

Ans:

1	2	3	4	5
Strongly Disagree			Strongly Agree	

11. I think the management really meant what he said when communicating his explanations of the change program.

Ans:

1	2	3	4	5
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Strongly Disagree			Strongly Agree	

12. I think the management is honest.

Ans:

1	2	3	4	5
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Strongly Disagree			Strongly Agree	

13. I believe in the management because the management is always trustworthy.

Ans:

1	2	3	4	5
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
strongly disagree			strongly agree	

14. I am confident that the management will tell me the truth.

Ans:

1	2	3	4	5
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
strongly disagree			strongly agree	

15. Overall, I trust the management

Ans:

1	2	3	4	5
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
strongly disagree			strongly agree	

16. I have a strong commitment to the company.

Ans:

1	2	3	4	5
strongly disagree			strongly agree	

17. I think the change program will have severe outcome.

Ans:

1	2	3	4	5
Strongly Disagree			Strongly Agree	

18. I think the change program will have great impact on me.

Ans:

1	2	3	4	5
Strongly Disagree			Strongly Agree	

19. I think the change program will bring constructive outcome to Maersk.

Ans:

1	2	3	4	5
Strongly Disagree			Strongly Agree	

20. I think I will benefit from the change program.

Ans:

1	2	3	4	5
Strongly Disagree			Strongly Agree	

21. I think I will lose something resulted from the change program.

Ans:

1	2	3	4	5
Strongly Disagree			Strongly Agree	

22. I think the management has adequately explained the outcome severity of the change program.

Ans:

1	2	3	4	5
strongly disagree			strongly agree	

23. I think the management has adequately stated the positive outcome of the change program.

Ans:

1	2	3	4	5
strongly disagree			strongly agree	

24. I think the management has adequately stated the negative outcome of the change program.

Ans:

1	2	3	4	5
strongly disagree			strongly agree	

25. I do not resist the change program.

Ans:

1	2	3	4	5
strongly disagree			strongly agree	

26. I will be co-operating in the change program.

Ans:

1	2	3	4	5
strongly disagree			strongly agree	

27. I want to participate in the change program.

Ans:

1	2	3	4	5
strongly disagree			strongly agree	

Personal Information:

(Please tick the appropriate answer)

Sex: 1. M

2. F

Ans:

Age: 1. below 20

2. 21 – 25

3. 26 – 30

4. 31 – 35

5. 36 – 40

6. 41 – 45

7. 46 or above

Ans:

Marital Status:

1. Single

2. Married

3. Divorced or Separated

Ans:

Education:

1. Post Secondary or below Ans:
2. University or above

How many years have you been working in Maersk till Mar of 2000?

1. less than 1 1/2 years Ans:
2. 1 1/2 – 5 years
3. 5 – 10 years
4. more than 10 years

What is your current position?

1. General Staff Ans:
2. Assistant Manager or Section Chief
3. Manager
4. Senior Manager or above

***** END OR QUESTIONNAIRE *****
THANK YOU VERY MUCH

Appendix 2

Organization Charts

Appendix 1 Organization Charts

Figure 1. Organization Structure before Restructure

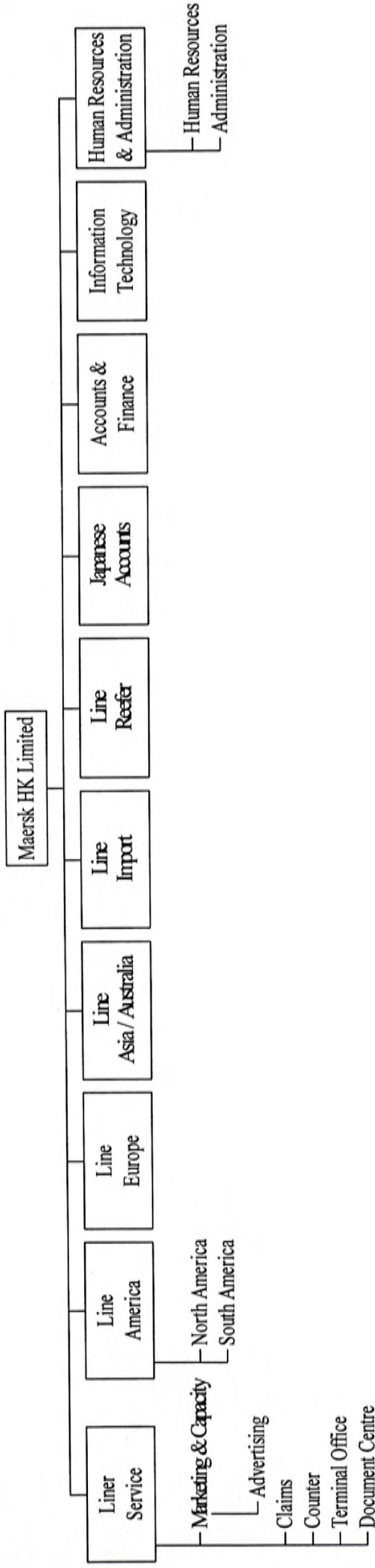
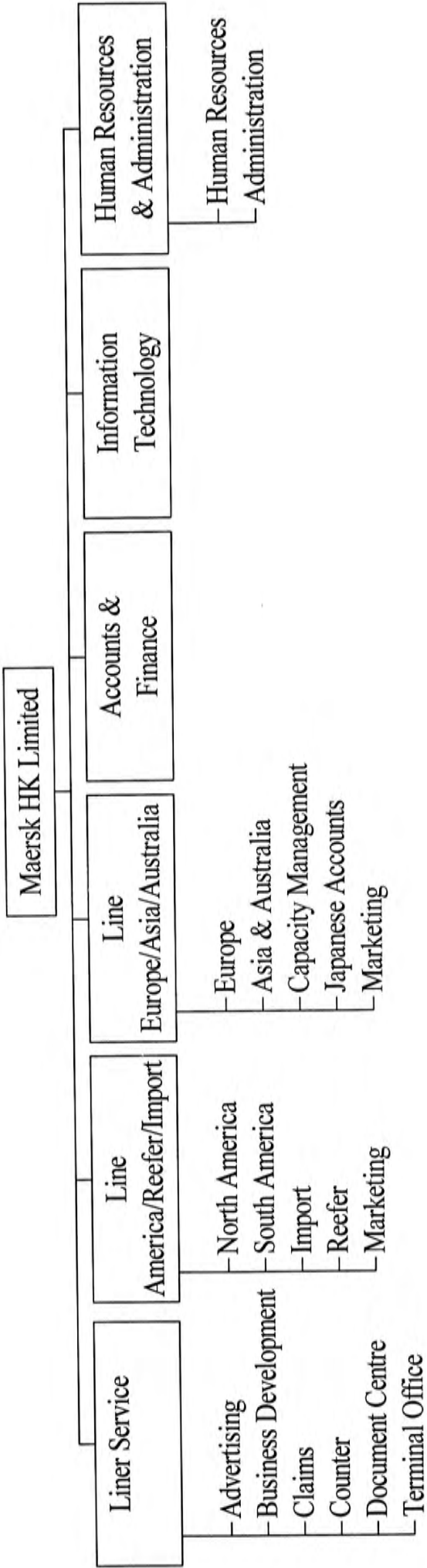


Figure 2. Organization Structure after Restructure



Appendix 3

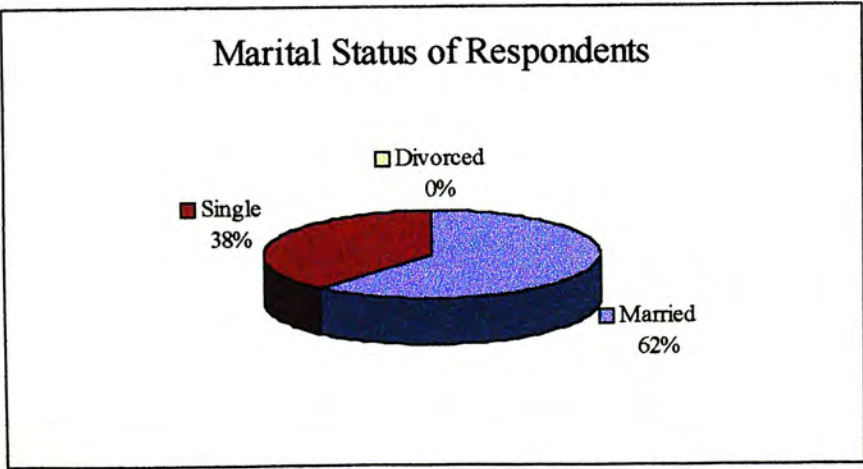
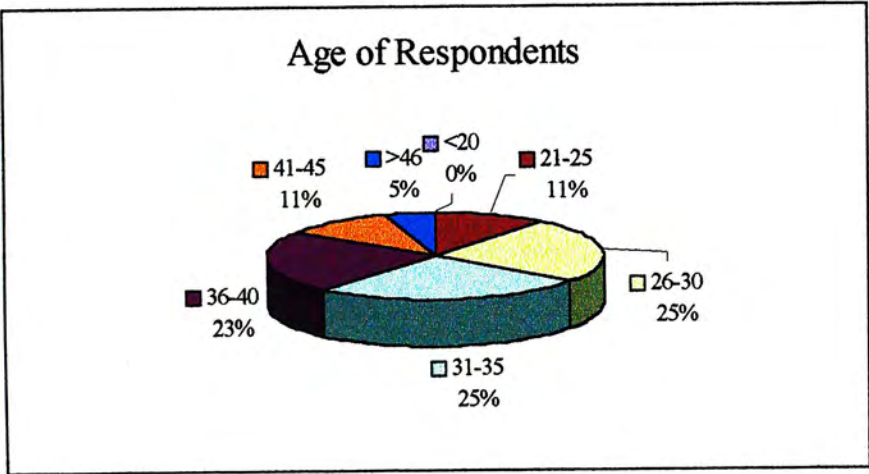
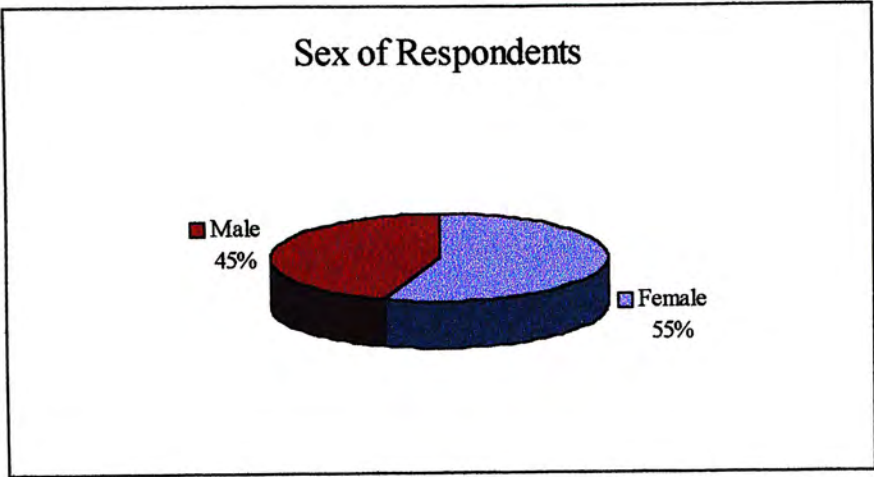
Chart 3-1

Appendix 3

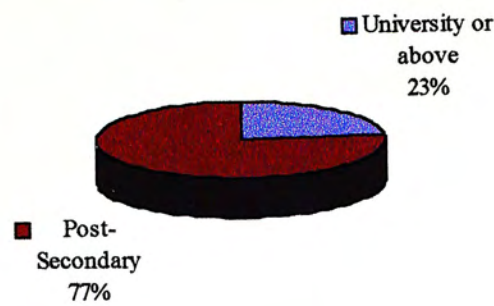
Charts Showing the Profiles of Respondents

Appendix 3

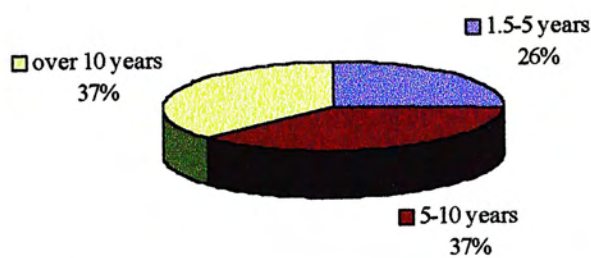
Charts showing the profile of respondents



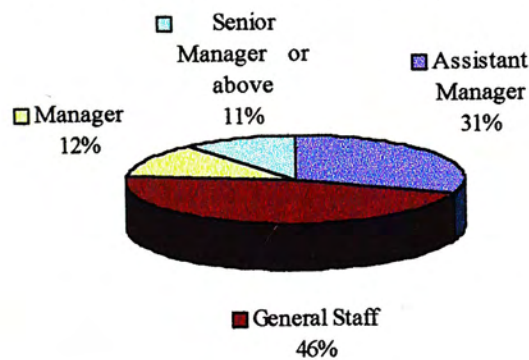
Education Level of Respondents



No. of years worked in Maersk



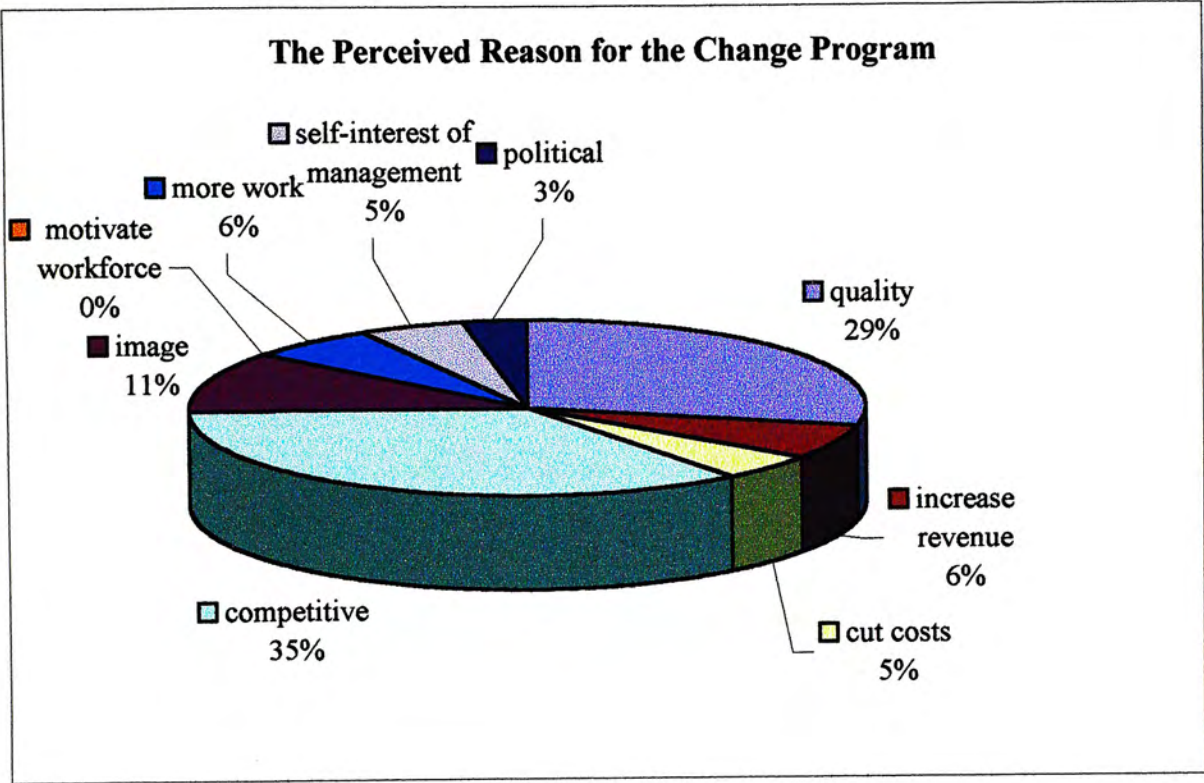
The Current Position of Respondents



Appendix 4

Chart Showing the Distribution of Perceived Reasons of the Change Program

Appendix 4 Chart Showing the Distribution of the Perceived Reason



CUHK Libraries



003756465